

May 7, 1987

LB 773A

cost involved with the administration and let me read that and I quote from the April 1987 study prepared for the Revenue and Appropriations Special Committee. "There is little support for a decoupled tax system among the business leaders to whom I spoke. They correctly point out that the compliance costs we're withholding under a decoupled system are much higher for business than under the current system. In addition they note that the administration of a decoupled system is complicated and a decoupled system will add substantially to the state government's tax administration costs. Many business leaders fear that the Legislature would tamper constantly with the decoupled tax system. Thus, business leaders feel that decoupling would introduce a larger degree of uncertainty about the predictability of the tax system in future years and decrease the stability of the fiscal system. That is exactly the opposite of what we've been told will happen with LB 773. Instead of increased stability under LB 773, this report indicates the potential for decreased stability. And it also indicates that the additional cost which is found in LB 773 at over \$2 million a year in additional administrative costs is extremely excessive regarding...in regard to the system we now have which I know a number of states evidently are now looking at. Plus the ultimate reason why we came to this bill in the first place was the high income marginal tax rates and as this report indicates, the federal tax changes have virtually taken care of that problem. So for that and many other reasons, I still think that it was a mistake to pass LB 773 and a mistake to proceed with LB 773A.

SPEAKER BARRETT: Thank you. Senator Lamb.

SENATOR LAMB: Question, please.

SPEAKER BARRETT: Question has been called. Five hands? I do. Shall debate cease? Those in favor vote aye, opposed nay. Record.

CLERK: 25 ayes, 0 nays, Mr. President, to cease debate.

SPEAKER BARRETT: Debate is ceased. Senator Johnson, for closing.

SENATOR V. JOHNSON: Mr. Speaker, members of the Legislature, again, 30 votes are required so that LB 773A can be read. Senator Wesely has discussed the material from the tax consultant. The tax consultant noted that there was little